

**REGULAR STATE CREDIT UNION BOARD MEETING
HELD BY CONFERENCE CALL
OFFICE OF THE COMMISSIONER
DEPARTMENT OF FINANCIAL INSTITUTIONS
2000 SCHAFFER STREET, SUITE G
BISMARCK, NORTH DAKOTA**

June 4, 2004

The regular meeting of the State Credit Union Board was called to order by Chairman Karsky in the Office of the Commissioner, Department of Financial Institutions, 2000 Schaffer Street, Suite G, Bismarck, North Dakota, at 9:35 a.m., Friday, June 4, 2004, by conference call.

MEMBERS PRESENT: Timothy J. Karsky, Chairman (*Office*)
Judy A. Millar, Member (*West Fargo*)
Ervin E. Mund, Member (*Bismarck*)
Melanie Stillwell, Member (*Williston*)

MEMBER ABSENT: Steven S. Tonneson, Member

ALSO PRESENT: Robert J. Entringer, Secretary (*Office*)
Jim Laidlaw, Chief Examiner – Credit Unions (*Office*)
Rodger Denny (*Minot*)

MINUTES PREVIOUSLY APPROVED BY MAIL

The minutes for the regular meeting of March 5, 2004, had been previously mailed to the Board and approved.

**TOWN AND COUNTRY CREDIT UNION, MINOT – REQUEST FOR AN
EXTENSION FROM JUNE 6, 2004, TO DECEMBER 2005 TO ESTABLISH
ITS BRANCH IN FARGO**

Chairman Karsky indicated the Department received a letter dated May 5, 2004, requesting an extension of the deadline set forth in the Order approving the

application of Town and Country Credit Union, Minot, to establish a branch at 1501 32nd Avenue South, Fargo, from June 6, 2004, to December 2005. Chairman Karsky indicated President Denny was on the phone and would explain the reason for the extension request.

President Denny indicated the credit union had purchased the land in question and at that time they submitted an application to establish a branch to this Department. However, at the present time all the credit union has is the raw land and have made no contractual commitments to construct a building, although they do have a plan in place. President Denny indicated they had purchased a previously existing building in West Fargo at the same time as the above-mentioned land for a branch location which had to be remodeled. The building was completed and opened for business in West Fargo approximately July 2003. President Denny stated at this time the credit union has one year of experience with the West Fargo location and the management of the credit union is somewhat disappointed in the results with that branch. President Denny indicated he has recommended to the credit union's Board that they put the plans to establish the Fargo branch on hold to watch and see how the West Fargo branch progresses. In addition, the credit union has purchased additional property in South Fargo for another branch location; however, before any commitments are made, they want to make sure the progress is satisfactory with the current West Fargo branch.

Chairman Karsky asked Chief Examiner Laidlaw if he had any concerns with the request, and Chief Examiner Laidlaw indicated he did not.

Chairman Karsky indicated it would be the Department's recommendation that the Order be modified to extend the deadline to December 6, 2005, for the credit union to establish its branch at 1501 32nd Avenue South, Fargo.

It was moved by Member Millar and seconded by Member Mund to grant an extension to December 6, 2005, for Town and Country Credit Union, Minot, to establish its branch at 1501 32nd Avenue South, Fargo. The motion included that the Order would be modified and Chairman Karsky is authorized to sign the Modification of Order on behalf of the State Credit Union Board.

Chairman Karsky inquired as to the cost to construct a building given an 18 month extension, and President Denny indicated although building costs are going

up it is their hope to hold true to the projected costs. However, President Denny indicated if there are material changes they would notify the Department.

The motion was unanimously carried by a vote of 4 to 0, with Member Tonneson absent.

President Denny asked if there would be any discussion relative to their branch application for the MeritCare location, and Assistant Commissioner Entringer stated there would not. The application for that branch is scheduled to be handled at the special meeting of July 9, 2004.

Chairman Karsky asked if that is a branch relocation or new branch, and President Denny indicated it was a new branch application resulting from the merger of the two hospitals in Fargo.

President Denny left the meeting at this time.

APPROVAL OF STATE-CHARTERED CREDIT UNION ANNUAL ASSESSMENT POLICY

Chairman Karsky indicated that included with the agenda is a projection of revenue and expenses for the credit unions, and the Department is projecting a carryover at the end of June 30, 2004, of \$21,537. Chairman Karsky indicated starting the next fiscal year out with the \$21,537 carryover and projecting the assessments, as well as the salaries and operating expenses, the Department projects a carryover as of June 30, 2005, of \$12,481. Chairman Karsky stated because we are operating in the second year of the legislatively-approved budget, there is no need to review the expenses which have been appropriated for the Department. Chairman Karsky indicated last year the Board did raise the assessments for credit unions in order to cover the budget, and the Department is recommending that we maintain that assessment for this year; therefore, no increase or decrease in assessments is proposed.

Assistant Commissioner Entringer explained how the expenses are allocated to the credit union division as outlined in the Annual Assessment Policy I.

It was moved by member Stillwell and seconded by Member Millar to approve the State-Chartered Credit Union Annual Assessment Policy as

proposed. The motion was unanimously carried by a vote of 4 to 0, with Member Tonneson absent.

The meeting went into closed session at 9:50 a.m., and reconvened to open session at 10:05 a.m.

ITEMS FOR DISCUSSION

Chief Examiner Laidlaw discussed an upcoming meeting with the Government Affairs Committee of the North Dakota Credit Union League. Chief Examiner Laidlaw stated he is looking at doing a major revision of the laws pertaining to credit unions under Chapter 6-06 of the North Dakota Century Code. Chief Examiner Laidlaw indicated he has been reviewing other states that have done major revisions to their laws, including Iowa, Michigan, and Washington. Chief Examiner Laidlaw indicated he would be reviewing those statutes to see if there are any revisions that would be beneficial to update our laws.

Member Mund inquired as to whether the Department was going to introduce legislation to allow interstate branching, and Chairman Karsky indicated there are no plans for this.

Chairman Karsky stated at the special meeting on May 13, 2004, it was the Department's interpretation that if a credit union had a field of membership that expanded across a state line, they could branch within their field of membership including a branch across state lines.

Member Mund inquired as to whether a federal charter could branch across state lines if the proposed branch location was outside the field of membership. Chief Examiner Laidlaw stated it was his understanding that you would have to prove sufficient interaction with that community amongst the communities. Member Mund inquired as to whether the Department intended to introduce any legislation dealing with the 50 mile radius issue for field of membership. Member Mund also inquired as to whether the other states Chief Examiner Laidlaw is reviewing did anything with field of membership as a radius versus opening it up. Assistant Commissioner Entringer indicated it is his understanding that Washington opened its branching to statewide, and Member Mund agreed. Chairman Karsky stated he feels the branching issue was an industry issue and that the Department would not likely introduce any legislation regarding field of membership.

The meeting adjourned at 10:12 a.m.

Timothy J. Karsky, Chairman

Robert J. Entringer, Secretary